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The Director of Central Intelligence

Washington, D.C. 20505

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National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Monthly Warning and Forecast Meetings for December 1984

1. Summary of Key Warning Issues:

USSR

Community analysts agree that Soviet defense spending increased in 1983. CIA estimates a growth of 2-3 percent (rubles) in procurement, a conclusion supported by increased industrial performance and defense floorspace. DIA believes the growth rate is somewhat higher. DIA further notes that computed in dollars the Soviets increased procurements by 5-10 percent in 1983.

The future is not clear and the 1986-90 five-year plan is not finalized, but Moscow's recent announcement of a 12 percent defense spending increase is a good indicator that spending is up or will be rising and is more than a purely political warning.

The January meeting between Secretary Shultz and Foreign Minister Gromyko is giving rise to unrealistic hopes for near-term arms control progress. European governments seem receptive to Soviet arguments against SDI for reasons such as fear of "decoupling from Europe", domestic political problems and disarmament movements.

Moscow's objective in arms control is to arouse enough public anticipation of an agreement to constrain the SDI program and ASAT testing. The Soviets will likely stress the interconnectedness of space, offensive systems and INF and insist that US concessions on space are necessary before ICBM and INF issues can be addressed.

On the other hand, the Soviets are aware of the US technology lead and cannot afford to wait for a major US SDI procurement decision. NIO/USSR believes that the Soviets would be taking an enormous risk if they do not reallocate resources.

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Some analysts believe that the costs to the Soviets and their probably painful tradeoffs in a lackluster economy may represent corollary reasons why they are coming to negotiations and thereby offer opportunities for the West.

Western Europe

Analysts agree that the Belgium INF deployment is unlikely to occur in 1985. Prime Minister Martens will probably opt for early elections that will probably result in the strengthening of anti-INF forces and an indefinite postponement of a deployment decision.

USSR/Yugoslavia

For the first time in recent years, the Soviets publicly attempted to sway deliberations at a highly sensitive plenum in Belgrade. Pravda selectively quoted Yugoslav journals to publicize its misgivings about decentralization, ideological drift in the society, and the use of "democratic consensus" in decision making. It also showed concern about Western lenders' growing influence in Yugoslavia's debt-ridden economy. Much of the Soviet posture supported Serbian leaders who are determined, against major opposition, to seek centralization.

Chile

Pinochet's declaration of a state of seige on 6 November and his adamancy in dealing with opposition parties portends further delays in the transition to democracy. Violence, the legacy of abuses and the radical leftist opposition, has grown worse. Time is working against US interests, because the more the transition to democracy is delayed, the greater is the likelihood of serious instability.

El Salvador

The FMLN has adopted a harder line in negotiations with the government. Yet, its capabilities to engage in large-scale combat operations remain low. The FMLN seems to be emphasizing urban terrorism, disruption of the coffee harvest in western El Salvador and perhaps occasional attacks on departmental capitals.

Latin America

The threat of drug-related violence targeted at US and foreign officials will continue to increase. Powerful Colombian traffickers are capable of instigating an international campaign of coordinated, systematic violence. In Columbia, the extradition issue will fuel the violence, but Bolivia and Peru will also remain high-threat areas.

Sri Lanka

The current disorders in Sri Lanka are the worst since the communal bloodbath in July 1983. The insurgents have large stockpiles of weapons and are becoming more effective fighters. The military is contributing to the

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problem because of its inability to discipline the ranks, especially to prevent revenge killings. Moderate Tamils might reassert themselves against extremists if the government were to accede to demands for a unified autonomous Tamil region.

There is an increased possibility that US facilities or personnel will be targets, because to many Tamils the US is identified with the central government.

The NIO/NESA also notes that India is an important player in the Tamil problem. The 41 million Tamils in India's southern state of Tamil Nadu have strong ethnic ties with Sri Lanka's 3 million Tamils. Both the central government in New Delhi and the state government in Tamil Nadu have provided substantial support--including humanitarian and military assistance--for the Sri Lankan Tamils for several years. The state of Tamil Nadu continues to be an important haven for Tamil refugees fleeing ethnic violence in Sri Lanka and for the island's Tamil militants seeking a safehaven.

India has a general fear of internal problems in neighboring countries spilling over into India. New Delhi is asserting its right to intervene if events threaten Indian security. The "Israeli connection" and rumors of US desires for bases on the island have also stirred Indian concerns.

Syria

We are entering an especially dangerous period with Syria. Assad appears to have few options, but terrorism, to influence regional players. In reaction to increased Jordanian-PLO-Egyptian ties, Assad has initiated several terrorist attacks aimed at Jordan and the PLO. If a moderate Arab alliance becomes more viable and perhaps moves toward negotiations with Israel, Assad will probably step up terrorism and assassination and would consider military threats against Jordan. Assad has already become frustrated by his lack of ability to affect the PLO discussions.

Uganda

Obote is plagued by a deteriorating security situation and political infighting in his government. Guerrillas are not a threat to the government at present, but the army is also unlikely to defeat the guerrillas. There are some 330 North Koreans in Uganda, some of whom are evidently serving as unit advisors in the field.

The publication of the upcoming Human Rights Report almost certainly will further sour US/Ugandan relations. Obote could use the report as a pretext to turn more to the East, most likely North Korea and possibly Cuba.

Nigeria

The community agrees that a change at the top of the Nigerian government could come within the next month or so. Discontented officers of all ranks have numerous reasons to support a coup.

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2. Trend Commentary:

Greece

Papandreou continues to move away from the NATO consensus. Recent "retirements" by senior Greek officers are probably connected to his declarations that the Greek defense strategy would shift from the Soviet Union toward the "Turkish threat." Questions arise about the possibility of an effective military opposition to this decision developing. There is, however, no evidence to date of any concerted military counteraction to Papandreou's moves.

US/PRC/Taiwan

The maturing of the US/PRC relationship will make dealing on a wide variety of strategic and economic issues easier, but relations with Taiwan will become more difficult as Taiwan will view the developments as counter to its interests. Taiwan wants more direct US assistance and less aid to Beijing. They will press the US.

USSR/Vietnam

While the arrival of Soviet MIG-23s in Vietnam will not significantly increase the threat to ASEAN countries, it will play a role in their decisions on combat aircraft purchases. Pressure will mount for the F-16 rather than the F-20 and may include requests for earlier aircraft delivery.

Nicaragua

There is a general consensus that the military balance between the Nicaraguan armed forces and the Contras is tilting in favor of the Sandinistas. The Sandinistas are becoming more efficient in coordinating combat operations and using newly-arrived equipment. In contrast, they have problems in recruiting, the draft and a high desertion rate.

Narcotics

The Chihuahua, Mexico marijuana plantation seizures demonstrate the potential threat to the US from remote regions of northern Mexico. The market price could provide incentives to develop additional plantations to fill the void if Colombian marijuana control programs are successful.

Libya

The Libyan diplomatic offensive continues. Qadhafi has everything to gain and little to lose from the recently announced treaty with Malta. Libya will gain access to Maltese ports.

Qadhafi will gain de facto control of Chad down to the 16th parallel if the French do not stop him.

With Bourguiba's health failing, Qadhafi will continue to seek means to build influence in Tunisia. Without Bourguiba's influence, the Tunisians will be more susceptible to Libyan pressure and blandishments.

Morocco

Morocco's financial and social problems are getting worse. They do not threaten the regime in the short term, but there is a potential for urban violence. If large-scale violence should break out, security forces in the cities would be hard pressed and could be overwhelmed because most of the army is in the Sahara.

NIO/NESA believes the results of the Morocco/Libya union have been almost entirely negative for Morocco. The implications of the union bear our attention, particularly if the results cause Hassan to push the US to choose between Morocco and Algeria.

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